

ADMINISTRATION AND FINANCE COMMITTEE

DATE: December 7, 2004

CALLED TO ORDER: 5:05 p.m.

ADJOURNED: 6:16 p.m.

ATTENDANCE

Attending Members

Jackie Nytes, Chairwoman
Vernon Brown
Lynn McWhirter
Lincoln Plowman
Steve Talley

Absent Members

Becky Langsford
Joanne Sanders

AGENDA

PROPOSAL NO. 713, 2004 - reappoints John Thompson to the City-County
Administrative Board
"Do Pass" Vote: 5-0

PROPOSAL NO. 714, 2004 - reappoints Jackie Nytes to the Audit Committee
"Do Pass" Vote: 4-0

PROPOSAL NO. 715, 2004 - reappoints Steven Ajamie to the County Property Tax
Assessment Board of Appeals
"Do Pass" Vote: 5-0

PROPOSAL NO. 716, 2004 - reappoints Leland Thomas to the County Property Tax
Assessment Board of Appeals
"Postpone" Vote: 5-0

PROPOSAL NO. 740, 2004 - reappoints Frank Anderson to the Information Technology
Board
"Do Pass" Vote: 5-0

PROPOSAL NO. 741, 2004 - reappoints Doris A. Sadler to the Information Technology
Board
"Postpone" Vote: 5-0

PROPOSAL NO. 659, 2004 - approves temporary tax anticipation borrowing for the City of Indianapolis

“Do Pass”

Vote: 5-0

PROPOSAL NO. 660, 2004 - approves temporary tax anticipation borrowing for Marion County

“Do Pass”

Vote: 5-0

Presentation on the County’s Personnel Study

ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, December 7, 2004. Chairwoman Jackie Nytes called the meeting to order at 5:05 p.m., with the following members present: Vernon Brown, Lynn McWhirter, Lincoln Plowman, and Steve Talley. Absent were Becky Langsford and Joanne Sanders.

Chairwoman Nytes asked for consent to move Proposal No. 740, 2004 to the beginning of the agenda. Consent was given.

PROPOSAL NO. 740, 2004 - reappoints Frank Anderson to the Information Technology Board

Frank Anderson, Marion County Sheriff, said his department is one of the primary users of information technology, and he realizes the importance of being on the Information Technology (IT) Board. Sheriff Anderson said that he is dedicated to contributing to the board and has been attending as many meetings as he can. He said he looks forward to working on future endeavors on the board.

Councillor Brown congratulated Sheriff Anderson on the work that he has done in the past year and said that Sheriff Anderson has his support.

Councillor Talley moved, seconded by Councillor Brown, to send Proposal No. 740, 2004 to the full Council with a "Do Pass" recommendation, subject to the successful completion of the background check. The motion carried by a vote of 5-0.

Chairwoman Nytes asked for consent to move Proposal No. 713, 2004 to the end of the agenda. Consent was given.

PROPOSAL NO. 714, 2004 - reappoints Jackie Nytes to the Audit Committee

Chairwoman Nytes said that she appreciates the opportunity to be reappointed and represent the Council on this committee. She handed out a summary of the work that the Audit Committee has focused on this year (Exhibit A, attached). Chairwoman Nytes said Exhibit A shows all the reports given to the Audit Committee in the third quarter. She said if Councillors are interested in reading the reports she will provide them with that information.

Councillor Brown moved, seconded by Councillor Plowman, to send Proposal No. 714, 2004 to the full Council with a "Do Pass" recommendation, subject to the successful completion of the background check. The motion carried by a vote of 4-0. With Chairwoman Nytes abstaining.

PROPOSAL NO. 715, 2004 - reappoints Steven Ajamie to the County Property Tax Assessment Board of Appeals

Mr. Ajamie said he has been on the board for six years and does not recall missing any meetings. Mr. Ajamie said he has worked in the Center Township Assessors office for 17 years and is familiar with some of the issues that come before the board. He said it has been a pleasure serving the on the board.

Chairwoman Nytes asked if the number of situations on the reassessment process coming before the board has declined. Mr. Ajamie said the board is still experiencing a heavy flow of reassessment issues.

Councillor Talley moved, seconded by Councillor Brown, to send Proposal No. 715, 2004 to the full Council with a "Do Pass" recommendation, subject to the successful completion of the background check. The motion carried by a vote of 5-0.

Chairwoman Nytes asked for consent to move Proposal No. 716, 2004 to the end of the agenda. Consent was given.

PROPOSAL NO. 741, 2004 - reappoints Doris A. Sadler to the Information Technology Board

Chairwoman Nytes said it is her understanding that Ms. Sadler is out of the city. She said Council tradition is to not proceed with reappointment if the individual is unable to be before the committee.

Councillor Talley, moved seconded by Councillor Brown, to postpone Proposal No. 741, 2004 to the next committee meeting. The motion carried by a vote of 5-0.

Councillor McWhirter asked if there is a reason that Marty Womacks, Marion County Auditor was not reappointed to the IT board. Chairwoman Nytes said she believes other individuals are being considered for the position. Councillor McWhirter asked if there is a particular reason someone else is being considered for the position. Chairwoman Nytes said at this point her only understanding is that the Council may have a new individual that may be eligible for the position. Councillor McWhirter asked who the individual is who is being considered. Chairwoman Nytes said some consideration has been given to rotate one of the constitutional offices on the board to a different office, such as the Marion County Treasurer. Councillor McWhirter said that the Council had the same discussion the same time last year and they decided to replace the Marion County Treasurer with the Marion County Sheriff. She said it is very odd that the Marion County Treasurer was not wanted on the board last year but now he is. Chairwoman Nytes said perhaps the Council would like to give others the opportunity to participate on the board.

PROPOSAL NO. 659, 2004 - approves temporary tax anticipation borrowing for the City of Indianapolis

PROPOSAL NO. 660, 2004 - approves temporary tax anticipation borrowing for Marion County

Matt Hall, representative from the Indianapolis Bond Bank, said this program provides semi-annual cash advances to the city and the county to allow them to keep current with their budgets. He said property taxes are received twice a year and bills need to be paid on an on-going basis throughout the year. Therefore, the city and county need funds to fill in the time periods when those funds are not forth coming. Mr. Hall said the city and county can borrow up to certain portions of their bi-annual levy. He said the program has been in place since 1988 and the structure of the program has remained unchanged. Mr. Hall said \$36 million will be borrowed for the City of Indianapolis and \$61.5 million will be borrowed for Marion County.

Councillor Talley asked for clarification on the last page of information provided to committee members through the mail. Mr. Hall said the last page represents the steps that are taken in the program. The first step taken is contacting the qualified entities who have express interest in the program. Councillor Talley asked if those entities are the agency and departments of the City and County. Mr. Hall said those entities that historically participate in the program are the City of Indianapolis, Marion County, Indianapolis Public Library, and IndyGo. Mr. Hall said from that point they will circulate draft documents to the working group and go to various boards and the Council for approval on the transaction. Councillor Talley asked if this is what the Council will be acting on now. Mr. Hall replied in the affirmative and said these proposals will approve the program for 2005.

Chairwoman Nytes asked if the Indianapolis Bond Bank serves as the actual bank in this program. Mr. Hall replied in the affirmative. Chairwoman Nytes asked if the purpose of the program is to have the City and County borrow from the bond bank as opposed to borrowing from a commercial bank. Mr. Hall replied in the affirmative and said they were able to lower the borrowing cost to the entities by consolidating all the borrowings together.

Councillor Talley moved, seconded by Councillor McWhirter to send Proposal No. 659, 2004 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 5-0.

Councillor Talley moved, seconded by Councillor McWhirter to send Proposal No. 660, 2004 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 5-0.

Presentation on the County's Personnel Study

Ms. Womacks thanked the Council for finding a way to assist the County in funding the additional health care in 2005 for their employees.

Terry Nelson, Chief Deputy, Marion County Auditor's Office distributed a copy of the final personnel report to the committee members (Exhibit B, see file). Some highlights of the presentation were:

County vs. City comparable positions:

- The project objective was to provide Marion County with an independent evaluation of the competitiveness of the current compensation and benefit programs provided to county employees
- The study was completed with data from May 2004.
- The current compensation structure was originally constructed for the County's 1992 fiscal year. The compensation scale has been kept current relative to the market by the County via annual updates that reflect expected market movement.
- The County identified 18 positions they believe are comparable to the City in terms of duties and responsibilities.
- The County positions that were surveyed and reviewed are approximately 10% behind those in the City.

Councillor Brown asked why there is no average salary of city positions in the job comparison chart. Mr. Nelson said the information was not available at the time of the study. He said he followed up after the study and there was no change. There is still a significant difference in the amount of salary needed to make it comparable.

- Overall the County is 90.7% of the City's midpoints (representing the targeted compensation for the position), placing the County's targeted compensation approximately 10% behind the City's.
- It would cost the County \$ 345,980,062 to bring county employees to the minimum of the City's minimum salary.

Councillor Talley asked if the \$345,980,062 includes benefits. Mr. Nelson replied in the negative and said this only includes salary.

Compensation Benchmark Analysis:

- The County identified 50 possible benchmark positions and provided written job documentation for the study.
- The competitive market position was determined by the following criteria:
 - Market data at the 50th percentile for Government/Not-For-Profit
 - Market data at the 25th percentile for General Industry

- Geographical preface for market data in escalating order: Indianapolis, State of Indiana, or the North Central Region
- The County's salary structure is about 10% behind market and has been 10% behind market since 1992.

Councillor McWhirter asked if the County is 10% behind market does this mean the City is at market. Mr. Nelson said he cannot answer that question because he is unsure where the City's structure stands.

Councillor Brown asked if it would be beneficial to merge Human Resources (HR) Departments between City and County to handle the salary differences. Mr. Nelson said there are different functions that each HR department performs and he is not prepared to answer that question accurately.

- The County's actual pay practices are 12% behind the average market salaries.

Chairwoman Nytes asked how some of the positions are over 100% of the market. Mr. Nelson said this is due in part to market demand of those types of positions. Sara Logsdon, Human Resource Director, said IT functions are a huge part of the market demand. Ms. Logsdon said the Council did approve some of the IT salaries when the demand was really high.

Councillor McWhirter asked how the market salary scale works for an employee. Ms. Logsdon said it is up to the agency head to determine the salary for an employee. Councillor McWhirter asked how an employee gets to the midpoint or maximum salary. Mr. Nelson said an employee could potentially be at the same salary when they were hired or the agency head has the discretion in giving a salary increase depending on their budget and employee's experience.

Chairwoman Nytes asked if information is available on employees who may have been given an increase in salaries. Mr. Nelson said he does not have specific information but he is sure that salary increases have been given. Chairwoman Nytes said the statement that no county employee has received a raise because the Council did not approve salary raises, is not accurate. Mr. Nelson said he understands that statement to mean across the board salary increases. Chairwoman Nytes asked if some employees received raises even though Council made no changes to salary increases. Mr. Nelson replied in the affirmative. Chairwoman Nytes said she would suspect that many Council members do not know that some employees have been receiving salary increases.

- If the Council would want to do a 3% adjustment for every employee it would take an additional \$395, 225. The recommendation is to continue to move the salary grade scale annually by the same percentage as expected market movement, in order to not fall any further behind.

- Salary grades A12 and A13 have been deleted causing 11 employees to enter B21 for a total cost of \$8,081.

Councillor Plowman asked if funds still exist in A12 and A13 salary grades. Mr. Nelson said A12 and A13 still exist for the remainder of the year and will be deleted in 2005. Councillor Plowman asked if the minimum salary in salary grade B21 is \$16,000. Mr. Nelson replied in the affirmative. Councillor Plowman asked how the county established the minimum salary. Mr. Nelson said the schedule had been put in place in 1992 and the County continues to move the schedule to increase salaries.

Chairwoman Nytes said these issues are the reason for this study, to allow the Council to actually spend time researching this issue in order to approve the situation.

County benefits compared to the market place:

- Marion County's combined benefits program ranks in the 50th-75th percentile across all three groups (national employers, government, and Indiana private employers). This is primarily driven by Marion County's generous vacation policy.
- Retirement plan benefit value varies across groups, ranging from the 10th-25th percentile (low) to the 50th-75th percentile (mid-range)
- Health care benefits are in the 25th-50th percentile across all groups.
- Paid time off benefits are significantly higher than almost all employers in the database, and drive much of the total benefit plan value.
- Security benefit value varies the most across comparator groups ranging from the 10th-25th percentile to the low end of the 75th percentile.
- Marion County's highest enrollment medical plan is an HMO, the bases for this is that the county has two HMO they provide to their employees. Although the HMO plans are generous, the valuation methodology automatically applies a lower value to HMOs due to the highly restrictive nature of these plans.
- The dental plan also ranks below average because it is employee-pay-all.

Chairwoman Nytes asked if it is safe to determine that the county's benefit package is health. Mr. Nelson said he believes the benefit package is very good. He suggested taking a look at the benefits and salaries to perhaps bring up salaries by adjusting the benefit package.

Councillor Plowman asked how much an employee would be bringing home after taxes on a \$16,290 salary. Ms. Logsdon said about \$1,000 a month. Councillor McWhirter

said an employee that makes \$16,290 salary is eligible for Welfare, Section 8, and food stamps.

Councillor McWhirter asked how much money is needed to move employees who are below minimum to minimum salary. Mr. Nelson said \$163,000 will be needed.

Chairwoman Nytes said adjusting benefits does not necessarily mean money will be generated to increase salaries.

Mr. Nelson read an email message from one of the county employees explaining how wonderful the county benefit package is. In the message the employee explained how she was able to stay at home for 13 weeks to spend time with her new baby due to the benefit plan. The employee stated that she would not trade in the benefits she has for an increase in salary.

Councillor Brown asked if the demographics show that most of the employees that are on the low end of the salary scale are minorities. Mr. Nelson said he does not have that information to make an accurate statement, but can provide that information at a later date. Chairwoman Nytes said this is actually an important piece of information to take a look at. She said action needs to be taken to make sure issues of diversity are being addressed.

Ms. Womacks said she had a conversation with the Hendricks County Auditor, and the auditor indicated that there is no employee working for Hendricks County who make less than \$ 20,000 a year. Ms. Womacks said if other smaller counties are able to pay their employees above \$16,000 a year then perhaps the County should be looking very closely to what we can do to increase salaries. Ms. Womacks suggested putting a task force together to look into some of these issues. Chairwoman Nytes said she welcomes that suggestion and this was another reason for the personnel study.

PROPOSAL NO. 713, 2004 - reappoints John Thompson to the City-County Administrative Board

Mr. Thompson said he has enjoyed serving on the board. There are important issues that come before the board concerning the city, such as contracts concerning vehicles and equipment, and benefits for employees.

Councillor Talley moved, seconded by Councillor Brown to send Proposal No. 713, 2004 to the full Council with a "Do Pass" recommendation, subject to the successful completion of the background check. The motion carried by a vote of 5-0.

PROPOSAL NO. 716, 2004 - reappoints Leland Thomas to the County Property Tax Assessment Board of Appeals

Chairwoman Nytes indicated that Mr. Thomas is not present for the reappointment process.

Councillor Talley, moved seconded by Councillor McWhirter, to postpone Proposal No. 716, 2004 to the next committee meeting. The motion carried by a vote of 5-0.

CONCLUSION

With no further business pending, and upon motion duly made, the Administration and Finance Committee of the City-County Council was adjourned at 6:16 p.m.

Respectfully submitted,

Jackie Nytes, Chairwoman
Administration and Finance Committee

JN/as

